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6 UNITED STATES DISTRICT COURT
7 CENTRAL DISTRICT OF CALIFORNIA
8

9 LOS ANGELES DODGERS, LLC ,) Case No. CV 06-03898 DDP (SHx)
10 Plaintiff,)
11 v.) ORDER GRANTING DEFENDANT'S MOTION
12 HARTFORD LIFE INSURANCE) TO COMPEL ARBITRATION AND FOR A
13 COMPANY ,) STAY OF THE PROCEEDINGS
14 Defendants.) [Motion filed on August 11, 2006]

15 This matter comes before the Court upon Defendant Hartford's
16 petition to compel arbitration and for a stay in the proceedings
17 pending arbitration. Upon reviewing the papers submitted by the
18 parties, the Court grants the motion.

19 I. BACKGROUND

20 The Los Angeles Dodgers, LLC ("the Dodgers") and Hartford Life
21 Insurance Co. ("Hartford") entered into an insurance policy whereby
22 Hartford agreed to provide coverage to the Dodgers in the event
23 that Paul Shuey, a veteran pitcher, became unable to play. The
24 policy contains an arbitration clause, which reads as follows:

25 **Arbitration:** In the event of a dispute under the Policy, We
26 [the Hartford] or the Participating Organization [the Dodgers]
27 may make a written demand for arbitration where permitted by
28 law. In that case, We and the Participating Organization will

THIS CONSTITUTES NOTICE OF ENTRY
AS REQUIRED BY FRCP, RULE 77(d).

13

1 each select an arbitrator. The two arbitrators will select a
2 third. If they cannot agree within fifteen (15) days, either
3 We or the Participating Organization may request a choice of
4 arbitrators be submitted to the American Arbitration
5 Association. Any agreement from arbitration shall be limited
6 to an interpretation of the terms of the Policy and shall not
7 include any award of punitive damages. The arbitration will
8 be held in the state of the Participating Organization's
9 headquarters.

10 The policy also contains a clause governing disputes over the
11 disability status of the player.

12 **Presumption of Disability:** If a Physician determines the
13 Sports Professional is Totally Disabled, as defined in the
14 benefit section, We will presume the Sports Professional is
15 unable to engage in his Occupation. We will have the right to
16 contest the determination of Total Disability by any Physician
17 chosen by the Sports Professional or Participating
18 Organization, including the cause and duration of the Total
19 Disability. Where allowed by law, any dispute shall be
20 submitted to Arbitration in accordance with the terms of the
21 Arbitration provision stated above.

22 Mr. Shuey had off-season hip surgery in the winter of 2003.
23 After further surgery during the 2004 season, Mr. Shuey never was
24 able to return to active status.

25 The Dodgers determined that Mr. Shuey was totally disabled and
26 sought to recover under the policy. Hartford, however, disputed
27 the Dodgers' determination and denied coverage. Consequently, the
28 Dodgers made a written demand for arbitration for two claims

1 against Hartford, a breach of contract and a declaratory judgment.
2 However, the Dodgers filed suit against Hartford on a third claim,
3 alleging a breach of the covenant of good faith and dealing and
4 seeking punitive damages.

5 On August 11, 2006, Hartford filed this motion, petitioning
6 the court to compel arbitration and to stay the matter pending
7 arbitration.

8 II. DISCUSSION

9 A. Legal Standard

10 The Supreme Court has stated that "where [a] contract contains
11 an arbitration clause, there is a presumption of arbitrability,"
12 and that "an order to arbitrate the particular grievance should not
13 be denied unless it may be said with positive assurance that the
14 arbitration clause is not susceptible to an interpretation that
15 covers the asserted dispute." AT&T Technologies, Inc. V.
16 Communication Workers of America, 475 U.S. 643, 650 (1986). In the
17 absence of any express provision excluding a particular grievance
18 from arbitration, only the most forceful evidence of a purpose to
19 exclude the claim from arbitration will prevail. Id. (quoting
20 United Steelworkers of America v. Warrior & Gulf Nav. Co., 363 U.S.
21 574, 582-83 (1960)).

22 In the Ninth Circuit, once a court has determined that the
23 parties intended to arbitrate a dispute, then the scope of the
24 arbitration agreement is the subject of federal rather than state
25 law. Tracer Research v. National Envtl. Servs. Co., 42 F.3d 1292,
26 1294 (9th Cir. 1994). State law, however, governs the construction
27 of the agreement. Mediterranean Enterprises Inc. v. Ssangyong
28 Corp., 708 F.2d 1458, 1463 (9th Cir. 1983).

1 B. Analysis

2 The Dodgers argue that their claim for the breach of good
3 faith falls outside the scope of the arbitration agreement.
4 Specifically, the Dodgers contend that the clause "in the event of
5 a dispute under the Policy" covers only claims arising under the
6 specific terms of the arbitration agreement. Stated differently,
7 the Dodgers believe that, because their claim of breach of the
8 covenant of good faith and fair dealing does not require
9 interpretation of specific contractual terms, they may pursue a
10 claim for punitive damages against Hartford.

11 As stated above, when it is unclear whether a specific claim
12 falls under the arbitration clause, the Court must resolve doubt in
13 favor of the party moving for arbitration. There is nothing about
14 the phrase "in the event of a dispute under the Policy" that
15 suggests a claim for breach of the covenant of good faith and fair
16 dealing is unambiguously excluded from arbitration. Thus, on its
17 face, arbitration of the Dodgers' claim is appropriate.

18 Moreover, the breach of good faith and fair dealing claim is a
19 part of the overall dispute between the parties: whether Hartford
20 must cover the Dodgers' losses for the alleged disability of Mr.
21 Shuey. This dispute gave rise to the claims that the Dodgers wish
22 to arbitrate, and to the claim that Hartford wishes to arbitrate.
23 Under the plain language of the agreement, either party may demand
24 arbitration in the event of such dispute.

25 The Dodgers counter that, because any arbitration opinion and
26 award arising from the dispute must adhere to the terms of the
27 policy, and the breach of good faith claim does not require
28 interpretation or enforcement of the policy's terms, that claim

1 necessarily falls outside the scope of the agreement. However, it
2 is only the arbitrator's opinion that must adhere to the terms of
3 the agreement; there is nothing in the policy which states that the
4 dispute itself must be about its terms.

5 Additionally, California law provides that "[t]here is no
6 requirement that the cause or action arising out of a contractual
7 dispute must be itself contractual. At most, the requirement is
8 the dispute must arise out of contract." Coast Plaza Doctors Hosp.
9 V. Blue Cross of California, 83 Cal.App.4th 677, 685-86 (citing,
10 inter alia, Hatchwell v. Blue Shield of California, 198 Cal.App.3d
11 1027, 1033 (1988) (compelling arbitration of all claims against an
12 insurer, stating: "[a]lthough an action for bad faith breach of the
13 covenant of good faith and fair dealing sounds in tort, the duty of
14 good faith and fair dealing exists solely because of the
15 contractual relationship between the parties")) (emphasis in
16 original). The Dodger's breach of good faith claim, though
17 sounding in tort, arises under its dispute with Hartford, and
18 therefore falls within the provisions of the arbitration clause.

19 Finally, the Dodgers argue that the agreement's "Presumption
20 of Disability" clause is inapplicable because they did not rely on
21 a physician to determine that Mr. Shuey was "totally disabled."
22 Hartford argues that the Dodgers did submit a physician's report
23 when claiming their initial proof of loss. Neither party attached
24 the report as an exhibit, and this issue is not dispositive.
25 However, if the Dodgers did in fact rely on a physician's report to
26 determine Mr. Shuey's disability status, then the arbitration
27 clause applies.

28

1 For the foregoing reasons, the Court finds that the entire
2 dispute is subject to arbitration, pursuant to the terms of
3 arbitration agreement, which precludes an award of punitive
4 damages.

5 Hartford has also moved for a stay in the proceedings pending
6 the resolution of arbitration. The Federal Arbitration Act states:

7 If any suit or proceeding be brought in any of the courts of
8 the United States upon any issue referable to arbitration
9 under an agreement in writing for such arbitration, the court
10 in which such suit is pending, upon being satisfied that the
11 issue involved in such suit or proceeding is referable to
12 arbitration under such an agreement, shall on application of
13 one of the parties stay the trial of the action until such
14 arbitration has been had in accordance with the terms of the
15 agreement.


16 9 U.S.C. § 3; see also Intel Corp. v. Advanced Micro Devices, Inc.,
17 12 F.3d 908, 914 (9th Cir. 1993). Given the strong presumption in
18 favor of arbitration, the Court orders that the proceedings in this
19 case be stayed pending the resolution of the arbitration
20 proceedings.

21
22 **III. CONCLUSION**

23 For the foregoing reasons, the Court grants the motion.
24

25 IT IS SO ORDERED.

26
27 Dated: 9-20-06


DEAN D. PREGERSON
United States District Judge